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Supreme Court, U.S.
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Supreme Court of the United States

ABLE TIME, INC.,
Petitioner,

v.

UNITED STATES OF AMERICA,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Does the Ninth Circuit's definition of "counterfeit" contravene Supreme Court precedent and the canons of statutory construction by failing to give effect to every word of 19 U.S.C. §1526 (2006) and 15 U.S.C. §1127, including the word, "mark?"
2. By holding that 15 U.S.C. §1127 separates trademarks from the class of goods and services in which they are registered, does the Ninth Circuit's decision conflict with *Montres Rolex, S.A. v. Snyder*, 718 F.2d 524 (2d Cir. 1983), and the entire body of federal trademark jurisprudence?
3. Does the Ninth Circuit's decision create separate trademark law for imports versus domestic goods, the consequences of which will trouble federal courts and agencies?

**PARTIES TO THE PROCEEDING
AND RULE 29.6 STATEMENT**

Petitioner, Able Time, Inc., is a California corporation, with no parent or subsidiary. No publicly held company owns 10% or more of Able Time, Inc.'s stock.

Respondent is the United States Government.

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The opinion of the United States Court of Appeals for the Ninth Circuit is reported as *United States v. Able Time, Inc.*, 545 F.3d 824 (9th Cir. 2008). (Pet. App. A.) No opinion or memorandum was issued pursuant to the December 22, 2008 order denying the Petition for Rehearing En Banc. (Pet. App. B.) The United States District Court for the Central District of California issued Findings of Fact and Conclusions of Law, an unreported memorandum, pursuant to the Order Granting Defendant's Motion for Summary Judgment, reversed on appeal above and cited as *United States v. Able Time, Inc.*, No. CV 04-2695 RMT (JWJx) (C.D. Cal. filed May 22, 2006). (Pet. App. C.)

JURISDICTION

This document is filed within the time limits prescribed by Sup. Ct. R. 13.3. The United States Court of Appeals for the Ninth Circuit's opinion was filed on September 25, 2008, and the Petition for Rehearing En Banc was timely filed and subsequently denied on December 22, 2008.

Petitioner invokes the jurisdiction of this Court under 28 U.S.C. §1254(1) (2006).

STATUTORY PROVISIONS INVOLVED

The Tariff Act of 1930, 19 U.S.C. §1526(e)-(f) states, verbatim, in pertinent part:

(f) Civil penalties.

(1) Any person who directs, assists financially or otherwise, or aids and abets the importation of merchandise for sale or public distribution that is seized under subsection (e) shall be subject to a civil fine.

(2) For the first such seizure, the fine shall be not more than the value that the merchandise would have had if it were genuine, according to the manufacturer's suggested retail price, determined under regulations promulgated by the Secretary.

19 U.S.C. § 1526(f).

(e) Merchandise bearing counterfeit mark; seizure and forfeiture; disposition of seized goods. Any such merchandise bearing a counterfeit mark (within the meaning of section 45 of the ... Lanham Act, 15 U.S.C. [§]1127) imported into the United States in violation of the provisions of section 42 of the ... [Lanham Act] (... 15 U.S.C. [§]1124), shall be seized and, in the absence of the written

consent of the trademark owner, forfeited for violations of the customs laws. Upon seizure of such merchandise, the Secretary shall notify the owner of the trademark, and shall, after forfeiture, destroy the merchandise. Alternatively, if the merchandise is not unsafe or a hazard to health, and the Secretary has the consent of the trademark owner, the Secretary may obliterate the trademark where feasible and dispose of the goods seized –

(1) by delivery to such Federal, State, and local government agencies as in the opinion of the Secretary have a need for such merchandise,

(2) by gift to such eleemosynary institutions as in the opinion of the Secretary have a need for such merchandise, or

(3) more than 90 days after the date of forfeiture, by sale by the Customs Service at public auction under such regulations as the Secretary prescribes, except that before making any such sale the Secretary shall determine that no Federal, State, or local government agency or eleemosynary institution has established a need for such merchandise under paragraph (1) or (2).

The Lanham Act, 15 U.S.C. §§1124, 1127 state, verbatim, in pertinent part:

The term "trademark" includes any word, name, symbol, or device, or any combination thereof--

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

...

The term "mark" includes any trademark, service mark, collective mark, or certification mark.

...

The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term "registered mark" means a mark registered in the United States Patent and Trademark Office under this Act or under the

Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase "marks registered in the Patent and Trademark Office" means registered marks.

...

A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

15 U.S.C. §1127.

[N]o article of imported merchandise which shall copy or simulate the name of any domestic manufacture, or manufacturer, or trader, or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trademark registered in accordance with the provisions of this Act or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that it is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any customhouse of the United States; and, in order to aid the officers of the customs in

enforcing this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled under the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign country to the advantages afforded by law to citizens of the United States in respect to trademarks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured, and a copy of the certificate of registration of his trademark, issued in accordance with the provisions of this Act, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and may furnish to the Department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trademark, and thereupon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs.

STATEMENT OF THE CASE

On May 7, 1999, U.S. Customs Service (now, U.S. Customs and Border Protection) ("Customs") seized 2794 watches imported by Petitioner Able Time, Inc. ("Able Time"), pursuant to 19 U.S.C. §1526(e). In approximately eight years of importing similar products, until 1999, Able Time had not had its goods seized by Customs. Customs claimed the watches were counterfeit because they bore the mark "TOMMY," a registered trademark of Tommy Hilfiger Licensing, Inc. ("Tommy Hilfiger") in International Class 3, which covers cosmetics, cologne, after-shave, soap and deodorant (Registration No. 1,998,783; Customs Recordation No. TMK-98-00591). This mark was not registered in International Class 14, which covers watches and other goods. In fact, at the time of seizure, Tommy Hilfiger did not make or sell watches, did not own a registered mark in International Class 14 and had not applied to register a mark in that class. No genuine Tommy Hilfiger watch existed at that time.¹

On November 3, 2000, pursuant to 19 U.S.C. §1526(e), which provides for the seizure and forfeiture of counterfeit imports, the Government

¹ Tommy Hilfiger eventually applied to register the "TOMMY" mark in Class 14; the registration was granted in 2002 (No. 2,619,392).

initiated in rem forfeiture proceedings against the watches, which the district court dismissed without prejudice in *United States v. 2164 Watches More or Less*, No. CV00-11781 RMT (JWJx) (C.D. Cal. filed Sep. 13, 2004). The Government did not re-file and, in 2005, returned most of the watches to Able Time.

On April 16, 2004, the Government instituted another district court action pursuant to 28 U.S.C. §1355 jurisdiction to enforce a civil penalty issued to Able Time under 19 U.S.C. §1526(f) in the amount of \$32,940. Penalties under subsection (f) apply to counterfeit goods seized (and, in the absence of certain enumerated exceptions, forfeited) under subsection (e). After all pleadings were filed, Able Time and the Government filed multiple cross-motions for summary judgment. In its first motion, Able Time contended that, because Tommy Hilfiger did not make watches at the time of seizure, there was no genuine watch to counterfeit and, accordingly, there was no manufacturer's suggested retail price ("MSRP") upon which to base the statutory penalty. Contrary to the statute, the Government had based the \$32,940 penalty on domestic value, a value scheme repudiated by Customs months earlier.

Although the district court initially denied the motion, on March 2, 2006, the court, *sua sponte*, reconsidered its denial, issued an Order to Show

Cause and requested that both parties brief two issues: (1) whether the related products doctrine applies to counterfeit goods (including those seized under 19 U.S.C. §1526(e)) and (2) whether merchandise can counterfeit or merely infringe that related product. After reviewing the briefs, on May 23, 2006, the court vacated its earlier denial and granted Able Time's motion for summary judgment. In its Findings of Fact and Conclusions of Law, the court determined that 19 U.S.C. §1526(e)-(f), which, again, applies only to counterfeit merchandise, was inapplicable to the case because "Tommy Hilfiger did not make watches at the time of the seizure"; *ergo*, "the watches ... [Able Time] sought to import 'did not imitate a well-known product' ... [and] cannot be characterized as counterfeit." (Pet. App. C at 8.)

The Government appealed the district court's decision to the Court of Appeals for the Ninth Circuit. On appeal, the Ninth Circuit reversed the decision of the district court. (See Pet. App. A at 4.) Able Time filed a Petition for Rehearing *En Banc* on grounds that the Ninth Circuit's decision to characterize merchandise as counterfeit for 19 U.S.C. §1526(f) purposes (defined under 15 U.S.C. §1127), where a genuine article bearing the registered mark does not exist, created conflicts within the circuit, with decisions of the Supreme Court of the United States and with other federal courts of appeal. The panel

denied Able Time's petition. (See Pet. App. B.)

REASONS FOR GRANTING THE PETITION

The Ninth Circuit's decision in this case turns more than a century of trademark law on its head. First, the court's interpretation of 15 U.S.C. §1127, which is incorporated by reference into section 19 U.S.C. §1526(e)-(f), ignores terms, such as "mark" and "registered mark," that are essential to understanding the meaning of "counterfeit mark." This Court's longstanding approach to statutory construction renders the Ninth Circuit's selectivity untenable. See *United States v. Menasche*, 348 U.S. 528, 537 (1955) (quoting *Montclair v. Ramsdell*, 107 U.S. 147, 152 (1883)). The Ninth Circuit failed to follow Supreme Court precedent, which alone constitutes adequate grounds for granting the Writ of Certiorari. See, e.g., *Lambert v. Wicklund*, 520 U.S. 292 (1997). Second, the Ninth Circuit's determination that marks need not be analyzed in connection with the goods specified in the registration contradicts, arguably, the most fundamental principle in all of trademark law. Even the earliest infringement cases took for granted that an alleged infringer's use of the mark in question must be evaluated in connection with specific goods or services. See, e.g., *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 95-96, 101 (1918), superseded by statute on other grounds as

stated in *Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F. 2d 636 (D.C. Cir. 1982). More recently, the U.S. Courts of Appeals have affirmed this principle in a variety of contexts, holding that three-dimensional goods, not two-dimensional marks, are the subject of trademark law, see, e.g., *Montres Rolex, S.A. v. Snyder*, 718 F.2d 524 (2d Cir. 1983), that all counterfeit cases require the spurious mark to be used on or in connection with registered goods, see, e.g., *Rolex Watch USA, Inc. v. Meece*, 158 F.3d 816, 826 (5th Cir. 1998); and that related but nonidentical goods on which a spurious mark appears, are, by definition, not counterfeit because the mark was not used in connection with goods identified in the registration, see *United States v. Hon*, 904 F.2d 803, 806 (2d Cir. 1990). Clearly, the Ninth Circuit's opinion in this case does not square with the decisions of other circuits and therefore warrants a grant of certiorari. See *Travelers Cas. & Sur. Co. of Am. v. Pac. Gas & Elec. Co.*, 549 U.S. 443, 447 (2007). Finally, the Ninth Circuit's reasoning that Congress intended that trademark terms be interpreted "more broadly" where imported versus domestic merchandise is involved (Pet. App. A at 19), bifurcates trademark law into two incompatible systems: one for domestic goods and one for imported goods. If allowed to stand, the case will be at odds with all other jurisprudence, producing confusion and inconsistent outcomes among district courts and within Customs itself. It is also likely to

detrimentally impact the nation's foreign commerce. Significant, practical consequences such as these also favor granting certiorari. *Cf. S. Fla. Water Mgmt. Dist. v. Miccosukee Tribe of Indians*, 541 U.S. 95, 109 (2004).

1. BY FAILING TO GIVE EFFECT TO EVERY WORD OF THE RELEVANT STATUTES, THE NINTH CIRCUIT'S INTERPRETATION OF "COUNTERFEIT MARK" IGNORED SUPREME COURT PRECEDENT AND THE CANONS OF STATUTORY CONSTRUCTION.

The Ninth Circuit's focus solely on "counterfeit" in the term "counterfeit mark" (and thereby wholly ignoring "mark") contravenes long held principles of statutory construction embodied in Supreme Court decisions. In construing a statute, courts must "give effect, if possible, to every clause and word." *Menasche*, 348 U.S. at 538 -39 (quoting *Montclair*, 107 U.S. at 152). This principle, now axiomatic, especially holds true with respect to words in close proximity to one another. *See Robinson v. Shell Oil Co.*, 519 U.S. 337, 340-41 (1997). Courts simply are not entitled to cherry pick, plucking certain words out of context while ignoring the rest.

Because of the piecemeal approach it adopted to interpret the provision, the Ninth Circuit wrongly concluded that 19 U.S.C. §1526 does not include an "identity of goods or services requirement." The section reads in pertinent part: "any such merchandise bearing a counterfeit mark (*within the meaning of section ... [1127 of Title 15]*) imported ... in violation of ... section [1124 of Title 15], shall be seized and ... forfeited." 19 U.S.C. §1526(e) (emphasis added). The court's approach failed in two respects. First, the court completely ignored the statutory meaning of the word "mark," an enumerated term of section 1526, and focused solely on the definition of counterfeit, which is "a spurious mark ... identical with, or substantially indistinguishable from, a registered mark" 15 U.S.C. §1127. The court looked at "counterfeit" in a vacuum and erroneously concluded that section 1127 protects marks, not goods, because it only considered the lay use of "mark" embedded in the definition of counterfeit.²

² Although it insisted that the language of section 1127 was unambiguous, the court, cobbling together bits and pieces of legislative history, nonetheless proceeded to mischaracterize Congress' lack of urgency in overhauling older sections of the Lanham Act to iron out minor (perceived) inconsistencies with more recent trademark legislation as support for its piecemeal approach. These so-called inconsistencies are discussed in greater detail in *infra* Part 2.

"Mark," however, is a term of art in trademark law that is codified in the Lanham Act. Under 15 U.S.C. §1127, "mark" is defined to include "trademark," which is defined, in turn, as any word, name, symbol or device already in use or which one has applied to register "on the principal register established by this Act," and that identifies or distinguishes the owner's "goods ... from those manufactured or sold by others and ... indicate[s] the source of the goods." Turning further to those sections of the Lanham Act pertaining to registration, 15 U.S.C. §1051 provides for application and registration of a mark on the principal register in connection with the particular goods sold. 15 U.S.C. §1051(a)(2)-(3), (b)(1)-(3), (d)(1)-(2). Section 1057, likewise, requires that the registration certificate state "the particular goods or services for which it is registered." 15 U.S.C. §1057(a). Therefore, when "mark" (and the terms it incorporates) is read side by side with "counterfeit," as it should be, there is no question that "counterfeit mark" under 19 U.S.C. §1526(e) is a mark that is used in connection with a specific class of goods or services. The Ninth Circuit most certainly failed to give effect to every word in the provision. See *Robinson*, 519 U.S. at 341; *Montclair*, 107 U.S. at 152.

Second, the court ignored even an essential component of section 1127's definition of counterfeit. Again, under 15 U.S.C. §1127, "counterfeit" means "a spurious mark ... identical with, or substantially indistinguishable from, a *registered mark*." 15 U.S.C. §1127 (emphasis added). The term "registered mark" is itself defined under section 1127, in relevant part, as "a mark registered in the ... [Patent and Trademark Office ("PTO")] under this Act." This definition refers once again to sections 1051 and 1057, which, as explained, tie the registration of marks to certain enumerated classes of goods and services. Section 1127, then, must only protect marks that are connected with classes of goods and services listed on the register — *i.e.* there is, in the Ninth Circuit's parlance, an "identity of goods" requirement. To assert otherwise renders most of the Lanham Act superfluous, a result that must be avoided. See *Menasche*, 348 U.S. at 538-39.

In sum, the Ninth's Circuit's reading of the statutory provisions involved runs contrary to principles of construction long embraced by this Court. A Writ of Certiorari should be granted.

2. THE NINTH CIRCUIT'S HOLDING THAT THE RELEVANT TARIFF AND LANHAM ACT PROVISIONS PERTAIN TO MARKS WITHOUT REFERENCE TO ANY CLASS OF GOODS SPECIFIED IN THE REGISTRATION CONFLICTS WITH TRADEMARK CASE LAW IN OTHER CIRCUITS.

No other federal court of appeals has adopted the Ninth Circuit's view that marks are not inextricably linked with the class of goods and services in which they are registered. Beyond the court's unworkable construction of the relevant statutory provisions, the court also muddies the water by misapplying what it repeatedly refers to as "an identity of goods or services requirement." (Pet. App. A at 18.) The court purports to rely on the seminal *AMF Inc. v. Sleekcraft Boats* case for the proposition that "identity of goods" is only one of several factors that must be considered in determining the likelihood of confusion. 599 F.2d 341, 348-50 (9th Cir. 1979). The *Sleekcraft* factors, however, are inapposite to the instant case for two reasons: (1) the *Sleekcraft* case was a garden-variety civil trademark infringement case brought under a section of the Lanham Act not at issue,¹⁵ U.S.C. §1114, which, unlike the Tariff Act's incorporation of section 1127, expressly tacks on a severable

likelihood of confusion requirement, *see, e.g., Montres Rolex*, 718 F.2d at 530 (discussing the differences between infringement suits under section 1114 and Tariff Act forfeiture cases involving counterfeits); and (2) while some categories of infringement under section 1127, such as “colorable imitations,” inherently contain a similar likelihood of confusion component, counterfeits do not.³

The latter point is particularly important because while all infringing goods – *i.e.* those that “copy or simulate” a registered trademark – are barred from importation under 15 U.S.C. §1124 (a section also referenced in 19 U.S.C. §1526, but heretofore not addressed), only counterfeits are subject to the harsh provisions of 19 U.S.C. §1526(e)-(f). By incorporating an “identity of goods or services requirement” into its analysis, the Ninth Circuit collapsed the distinction between counterfeits and infringing goods. By contrast, other circuits have recognized and preserved this distinction. *See Sakar Int’l, Inc. v. United States*, 516 F.3d 1340, 1346 n.5 (Fed. Cir. 2008); *Montres Rolex*, 718 F.2d at 528; *see also United States v. Foote*, 413 F.3d 1240, 1246-47

³. Because counterfeits are identical or substantially indistinguishable, they are confusing *per se* and a likelihood of confusion analysis is unnecessary. *See Montres Rolex*, 718 F.2d at 531.

(10th Cir. 2005) (noting the distinction, for similar reasons, in criminal cases brought under the Counterfeit Trademark Act ("CTA"), 18 U.S.C. §2320).

Once unshackled from the likelihood of confusion factors, which are inapplicable, the rest of the court's analysis falls apart. The decision stands in stark conflict with sister circuits, which have held that trademark law protects goods not marks; all trademark counterfeit statutes apply only to registered goods; and the related products doctrine – which is in essence a likelihood of confusion test the Ninth Court introduced through the back door – does not apply to counterfeit goods.

A. The Ninth Circuit's Holding That Marks Are Protectable Without Reference to the Class of Goods and Services in Which They Are Registered Is Incompatible with the Law of Other Circuits.

Goods, not marks, are protected under trademark law. *Gen. Elec. Co. v. Speicher*, 877 F.2d 531, 534 (7th Cir. 1989) ("the purpose of trademark law is *not to guarantee genuine trademarks* but to *guarantee that every item sold under trademark is the genuine trademarked product*) (emphasis added); see also *United States v. Giles*, 213 F.3d 1247, 1252 (10th

Cir. 2000) (citing *Playboy Enter., Inc. v. Universal Tel-Talk, Inc.*, No. 96-CV-6961, 1998 U.S. Dist. LEXIS 8231, at *4 (E.D. Pa. June 3, 1998)); *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 292 (3d Cir. 1991) (“[the] first to use a *mark on a product* ... in a ... market acquires rights in the mark in that market) (quoting *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1023 (11th Cir. 1989) (emphasis added); *Montres Rolex*, 718 F.2d at 532 (holding Customs must examine the mark on three-dimensional goods, not on two-dimensional certificates). As noted at the outset, even early trademark cases adopted this principle, and some did so explicitly, see, e.g., *Diederich v. W. Schneider Wholesale Wine & Liquor Co.*, 195 F. 35, 37 (8th Cir. 1912) (tying marks to “merchandise of substantially the same descriptive properties as those set forth in such registration”) (quoting the Lanham Act’s predecessor, the Trade-Mark Act of 1905, §16, 33 Stat. 724 (1905)). The Ninth Circuit’s determination that 15 U.S.C. §1127 protects marks (in isolation), not goods (see Pet. App. A at 19), is a radical departure from this principle as enunciated in other courts of appeals (and trademark jurisprudence in general). No other known authority stands for this

proposition.⁴ Certiorari should be granted to resolve this conflict.

B. The Ninth Circuit's Conclusion That "Counterfeit" Has More Than One Meaning Is Irreconcilable With the Judgments of Other Circuits.

The Ninth Circuit's holding that section 1127 has "no identity of goods or services requirement" rests in part on its unjustified parsing of three related trademark provisions defining "counterfeit": the statutory provision in question, 15 U.S.C. §1127 (setting forth definitions under the Lanham Act); the

⁴ There are a handful of criminal and civil infringement cases which are conceptually challenging because they involved trademarks applied to emblems and patches that were intercepted before they could be attached to finished or three-dimensional goods. None of these cases, however, stand for the proposition that marks alone are protectable. The courts held that the marks were connected to specific products, either because they were specially designed to be assembled to identifiable goods, *United States v. Guerra*, 293 F.3d 1279, 1286-88 (11th Cir. 2002), or because they were themselves sold as finished goods that could be attached and/or detached by ultimate consumers, *Boston Prof'l Hockey League Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011-12 (5th Cir. 1975). See generally *Giles*, 213 F.3d at 1249-51.

civil counterfeit provision under the CTA, 15 U.S.C. §1116; and the CTA's criminal counterfeit provision, 18 U.S.C. §2320. All three provisions recite essentially the same definition of "counterfeit mark," except that 15 U.S.C. §1116(d)(1)(B)(i)'s definition includes, "for such goods or services sold," and 18 U.S.C. §2320(e)(1)(A)(i)'s definition adds, "used in connection with trafficking in any goods, services[, etc.]" As alluded to in *supra* note 2, the court cited Congress' failure, to date, to amend older sections of the Lanham Act – namely, 15 U.S.C. §1127 – to fix superficial lexicological differences among the three provisions. It reasoned that Congress could have amended the Lanham Act but chose not to do so. The particular document from which the court draws this inference, however, is a CTA legislative report that in fact suggests the opposite: "the ... definitions of counterfeit mark differ slightly in their terms, but they are identical in substance." (Pet. App. A at 22 n.7) (quoting Joint Congressional Statement on 1984 Trademark Counterfeiting Legislation, 130 Cong. Rec. H12076 (daily ed. Oct. 10, 1984), *reprinted in* 7 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition App. A8-9 (4th ed. 2007). Congress declined to amend section 1127 because it saw no substantive difference but simply recognized that reconciling the superficial variations in wording would have to be left for another day (Pet. App. A at

21 n.6) (quoting Joint Statement at H12076, reprinted in 7 McCarthy at App. A8-3 to A8-4).

Accordingly, at least two decisions in other circuits used CTA and Lanham Act definitions of counterfeit interchangeably. See *Meece*, 158 F.3d at 826; *Babbitt Elecs. v. Dynascan Corp.*, 38 F.3d 1161, 1181 nn.5-6 (11th Cir. 1994). No case other than this one asserts that "counterfeit" has more than one meaning in trademark law. As such, the court's conclusion that the CTA provisions' "identity of goods or services requirement" do not apply to the Lanham Act's definition of counterfeit in 15 U.S.C. §1127 creates inter-circuit conflict this Court should resolve by granting certiorari.

C. The Related Products Doctrine, Repackaged as "No Identity of Goods or Services," Does Not Apply to Counterfeit Cases.

Finally, at least one other court of appeals specifically has held that related goods cannot be counterfeit. This decision is important because the Ninth Circuit's explication of the "identity of goods or services requirement" (which, as noted above, is really a likelihood of confusion element) is simply a restatement of the related products doctrine. The related products doctrine allows a trier of fact to find

that nonidentical, noncompeting goods are infringing (assuming all other criteria are satisfied) when they are likely to confuse consumers about the source of the goods, thereby damaging the goodwill of the trademark holder with respect to registered goods in commerce.⁵ See generally *Levi Strauss & Co. v. Blue Bell, Inc. (Blue Bell II)*, 778 F.2d 1352, 1354-58 (9th Cir. 1985) (en banc).

Again, however, while related products may be infringing, they can never be counterfeit because the goods, by definition, are not identical. The Second Circuit succinctly articulated this principle: "[Certain cases] raise the question whether the second mark on a different non-competing [sic.] product creates a likelihood of confusion as to the source or origin of the product and are *far removed from the counterfeit*

⁵ Right away, it is apparent that even if the related products doctrine were germane, the Ninth Circuit's application of it misses the mark because the court never addresses how Able Time's watches are likely to cause confusion *with respect to Tommy Hilfiger's goods in Class 3* – the only class in which its word mark "TOMMY" was registered at the time of seizure. As discussed above, there is no abstract protectable interest in (and thus no damage to) a mark on its own.

context." *Hon.*, 904 F.2d at 808 (emphasis added).⁶ The Ninth Circuit's decision is not compatible with this holding and certiorari should be granted to resolve this conflict.

3. THE NINTH CIRCUIT'S DECISION UNJUSTIFIABLY CREATES A NEW SYSTEM OF TRADEMARK LAW FOR IMPORTED GOODS THAT WILL TROUBLE FEDERAL COURTS AND AGENCIES AND UNDULY RESTRICT FOREIGN COMMERCE.

Because the Ninth Circuit concludes that Congress may have intended broader protection for trademarks under the Tariff Act (and, by necessity, 15 U.S.C. §1127 of the Lanham Act) (Pet. App. A at 19),⁷ the effect of the *Able Time* decision is to create

⁶ In infringement cases under section 1114, which does not distinguish among categories of infringement, the related products doctrine may be introduced regardless of the type of infringement involved. See *CAE, Inc. v. Clean Air Eng'g, Inc.*, 267 F.3d 660, 678-79 (7th Cir. 2001).

⁷ The weight of authority suggests otherwise. There is only one body of substantive trademark law. Other cases arising under the Tariff Act are instructive in this regard. Cf. *Bordeau Bros. v. Int'l Trade Com'n*, 444 F.3d 1317, 1320 (Fed. Cir. 2006) (holding that unfair competition

a parallel universe for imports. The same product, depending on whether it is made domestically or abroad, will receive different treatment: while the domestically made product may be deemed neither infringing nor counterfeit under the Lanham Act, its foreign made counterpart when imported could be deemed counterfeit under the Court's interpretation of 19 U.S.C. §1526. Such a result is unjust and impracticable.

First, the lower courts – district courts and the U.S. Court of International Trade (“CIT”) in particular – will be troubled and divided by future cases arising under 19 U.S.C. §1526(e)-(f). These courts are the courts of first resort, and the few presented with counterfeit cases under subsections

suits under section 337 of the Tariff Act, 19 U.S.C. §1337, apply federal trademark rules); *Premier Dental Products Co. v. Darby Dental Supply Co.*, 794 F.2d 850, 853 (3d Cir. 1986) (stating, in gray market case arising under 19 U.S.C. §1526(a), that this section of the Tariff Act must be “read in conjunction with the trademark law doctrines that determine trademark ownership”). Therefore, the better view is that Congress intended “solely to strengthen the remedies available” for infringing imports (Pet. App. A at 19 n.5) (quoting H.R. Rep. No. 95-1517 at 17 (1978) (Conf. Rep.), *reprinted in* 1978 U.S.C.C.A.N. 2249, 2259) (emphasis added), not to invent a new set of substantive trademark rules.

(e) and (f) have not shared the Ninth Circuit's reasoning. See *Ross Cosmetics Distrib. Ctrs. v. United States*, 18 Ct. Int'l Trade 979, 986 (1994); *Playboy*, 1998 U.S. Dist. LEXIS 8231, at *12-13 (citing 3 McCarthy at §25:14). An anomalous case like *Able Time*, if allowed to stand, will lead to greater uncertainty about the state of the law and more and more inconsistent decisions. Consequently, an increase in appellate cases is also to be expected.

Second, decision making within Customs, where there is an overarching, agency-wide need for uniform enforcement, will be impaired. The Ninth Circuit decision reads out of section 1526(f) the necessity that a penalty be based on the value "the merchandise would have had if it were genuine, according to the ... [MSRP]." Common sense and logic dictate that an article cannot have an MSRP if the product does not exist. Because Tommy Hilfiger did not make watches at the time of seizure, there was no genuine article, and accordingly, no MSRP. Customs' intervening clarification of its own policy in 2003, in fact, embraced the same conclusion: any section 1526(f) penalty must be based on the MSRP. Civil Fines for Importation of Merchandise Bearing a Counterfeit Mark, 68 Fed. Reg. 43,635-43,637 (Jul.

24., 2003).⁸ The Ninth Circuit's decision now contradicts this change and threatens to throw Customs' policy with respect to 19 U.S.C. §1526(f) penalties into total confusion. Both importers and the government will waste precious resources in litigation if the Ninth Circuit's decision stands.

Finally, the decision will negatively impact the nation's foreign commerce. Because importers will be held to more stringent rules, Customs' enforcement efforts will result in more seizures and forfeitures on counterfeit grounds (even though the same merchandise, if manufactured and sold domestically, would not be subject to the same treatment). This increase is likely to slow down the flow of cross-border transactions and create delays at many U.S. ports which are already logjammed. Moreover, Congress recently has demonstrated through a bevy of legislation governing imports, *see, e.g.*, Revised Lacey Act Provisions, 73 Fed. Reg. 58,925 (Oct. 8, 2008) (to be codified at 16 U.S.C. §3372), that it is perfectly capable of restricting foreign commerce without judicial intervention.

⁸ By analogy, compare also 19 U.S.C. §1401a(f)(2)(G) (prohibiting appraisement on "arbitrary or fictitious" values).

Because a decision with such serious, far-reaching and deleterious consequences should not stand as good law, this Court should grant certiorari.

CONCLUSION

For the foregoing reasons, Able Time respectfully submits that a Writ of Certiorari should issue to review the order and opinion of the United States Court of Appeals for the Ninth Circuit.

Dated: March 20, 2009

Respectfully submitted,

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APPENDIX A

A-1

FOR PUBLICATION

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

FILED
SEP 25 2008
MOLLY C DWYER, CLERK
U.S. COURT OF APPEALS

UNITED STATES OF AMERICA,
Plaintiff - Appellant,

v.

ABLE TIME, INC.,
a California corporation,
Defendant - Appellee.

No. 06-56033
D.C. No. CV-04-02695-RMT

OPINION

Appeal from the United States District Court
for the Central District of California
Robert M. Takasugi, District Judge, Presiding

Argued and Submitted February 15, 2008
Pasadena, California

Before: TROTT, CLIFTON, and CALLAHAN,
Circuit Judges.

Opinion by Judge Clifton

OPINION

CLIFTON, Circuit Judge:

Able Time, Inc. imported a shipment of watches into the United States. The watches bore the mark "TOMMY," which is a registered trademark owned by Tommy Hilfiger Licensing, Inc. The Bureau of Customs and Border Protection seized the watches pursuant to the Tariff Act, which authorizes seizure of any "merchandise bearing a counterfeit mark." 19 U.S.C. § 1526(e). Tommy Hilfiger did not make or sell watches at the time of the seizure. Customs later imposed a civil penalty upon Able Time pursuant to 19 U.S.C. § 1526(f), which authorizes the imposition of a fine upon any person who imports merchandise that is seized under § 1526(e).¹ The district court

¹ The Tariff Act provides as follows:

(e) Merchandise bearing counterfeit mark; seizure and forfeiture; disposition of seized goods

Any such merchandise bearing a counterfeit mark (within the meaning of section 1127 of Title 15) imported into the United States in violation of the provisions of section 1124 of Title 15, shall be seized and, in the absence of the written consent of the trademark owner, forfeited for violations of the customs laws.

....

(f) Civil Penalties

(1) Any person who directs, assists financially or otherwise, or aids and abets the importation of merchandise for sale or

concluded that, because Tommy Hilfiger did not make watches at the time of the seizure, the watches imported by Able Time were not counterfeit, and the civil penalty imposed by Customs was unlawful.

The government argues that the Tariff Act does not require the owner of the registered mark to make the same type of goods as those bearing the offending mark. The government acknowledges that such a requirement is commonplace in many related trademark statutes but maintains that Congress did not intend to include such a requirement—known as an “identity of goods or services” requirement—in the Tariff Act. Able Time responds by arguing that Congress expressed its intent to require identity of goods in related statutes and legislative history.

We conclude that the Tariff Act does not contain an identity of goods or services requirement. We hold that Customs may impose a civil penalty pursuant to 19 U.S.C. § 1526(f) upon an importer of merchandise

public distribution that is seized under subsection (e) of this section shall be subject to a civil fine.

(2) For the first such seizure, the fine shall be not more than the value that the merchandise would have had if it were genuine, according to the manufacturer's suggested retail price, determined under regulations promulgated by the Secretary.

19 U.S.C. § 1526. “Any such merchandise” refers to merchandise of foreign manufacture bearing a registered trademark owned by a U.S. citizen or corporation. 19 U.S.C. § 1526(a).

bearing a counterfeit mark, even though the owner of the registered mark does not manufacture or sell the same type of merchandise. We reverse the district court's order granting Able Time's motion for summary judgment and remand for further proceedings.

I. Background

Tommy Hilfiger registered the trademark "TOMMY" in International Class 3, which encompasses cosmetics, cologne and similar products, in September 1996. Customs seized a shipment of watches imported by Able Time bearing the mark "TOMMY" on May 7, 1999. At the time, Tommy Hilfiger did not manufacture or sell watches, nor was its mark registered in International Class 14, the class that includes watches. Tommy applied for registration in that class on November 30, 1999, and received it on September 17, 2002. Tommy Hilfiger currently sells watches with the "TOMMY" mark.

A. *The Forfeiture Action*

Customs filed an *in rem* forfeiture action against the watches pursuant to 19 U.S.C. § 1526(e) on November 3, 2000. The district court granted Able Time's motion for judgment on the pleadings on September 24, 2002. The government appealed, and we vacated the district court's judgment and remanded for further proceedings. *See United States v. 2,164 Watches*, 366 F.3d 767 (9th Cir. 2004). The district court dismissed the forfeiture suit without prejudice for defective service of process on

September 9, 2004. The government was unable to re-file the forfeiture suit because the statute of limitations had run. It returned nearly all of the watches to Able Time on April 8, 2005.

B. The Civil Penalty Action

Customs issued Able Time several notices of civil penalty in February and March of 2004. Customs filed this civil penalty action pursuant to 19 U.S.C. § 1526(f) on April 15, 2004. Able Time filed a motion for summary judgment which the district court initially denied, concluding that jurors could reasonably return a verdict for the government that the watches bore a counterfeit mark. The district court subsequently issued *sua sponte* an order to show cause why it should not reconsider its decision. After further briefing, the district court granted Able Time's motion for summary judgment, concluding as a matter of law that the imported watches could not be counterfeit because Tommy Hilfiger did not make watches at the time of the seizure. The government timely appealed.

II. Discussion

We have jurisdiction pursuant to 28 U.S.C. § 1291. "We review a grant of summary judgment de novo." *Universal Health Servs., Inc. v. Thompson*, 363 F.3d 1013, 1019 (9th Cir. 2004). "The district court's interpretation of a statute is a question of law also subject to de novo review." *Beeman v. TDI Managed Care Servs., Inc.*, 449 F.3d 1035, 1038 (9th Cir. 2006). We first consider whether this case is moot, which is an issue subject to de novo review that

the parties may raise at any time. *S. Or. Barter Fair v. Jackson County*, 372 F.3d 1128, 1133 & n.8 (9th Cir. 2004).

A. Mootness

Able Time argues that this case is moot because Customs has returned nearly all the watches. A case becomes moot when there no longer exists a "present controversy as to which effective relief can be granted." *Vill. of Gambell v. Babbitt*, 999 F.2d 403, 406 (9th Cir. 1993) (internal quotation omitted).

This action is not moot because the civil penalty remedy is still available. See *Friends of the Earth v. Laidlaw Envtl. Servs. (TOC), Inc.*, 528 U.S. 167, 192-93 (2000) (reasoning that the availability of civil penalties rendered the case not moot); *Ecological Rights Found. v. Pac. Lumber Co.*, 230 F.3d 1141, 1153 (9th Cir. 2000) (same). The provision that authorizes civil penalties, 19 U.S.C. § 1526(f), does not require Customs to retain possession of the offending merchandise during the pendency of a civil penalty suit, nor does it require Customs to successfully attain forfeiture of the merchandise. Subsection (f) requires only that the merchandise be "seized under subsection (e)," which it was. 19 U.S.C. § 1526(f). If the forfeiture action in this case had been dismissed with prejudice, or if Able Time were to show that the seizure was otherwise invalid, then a civil penalty would not be appropriate. But the forfeiture action here was dismissed *without* prejudice, and Able Time has not shown that the seizure was unlawful. Accordingly, the civil penalty

remedy is still available and the case is not moot.

B. Relevant Statutes

We turn next to the language of the relevant statutes. See *Consumer Prod. Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980) ("[T]he starting point for interpreting a statute is the language of the statute itself. Absent a clearly expressed legislative intention to the contrary, that language must ordinarily be regarded as conclusive."). The government argues that the Tariff Act and the statutes that it incorporates do not require the owner of the trademark to manufacture the same goods as those bearing the offending mark. The government argues in the alternative that the agency's interpretation is entitled to deference under *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 843 (1984), a position we decline to adopt and discuss below at 25-26. Able Time responds by arguing that other sources, such as other statutory language and legislative history, show Congress's intent to require identity of goods or services in the Tariff Act. We conclude that the plain language is unambiguous and does not contain an identity of goods or services requirement. On remand, the district court will consider whether the other requirements of the Tariff Act have been met.

The Tariff Act prohibits the importation of merchandise bearing a registered trademark without the permission of the owner of the trademark:

[I]t shall be unlawful to import into the

United States any merchandise of foreign manufacture if such merchandise . . . bears a trademark owned by a citizen of, or by a corporation or association created or organized within, the United States . . . unless written consent of the owner of such trademark is produced.

19 U.S.C. § 1526(a). The Tariff Act also authorizes seizure and forfeiture if the merchandise bears a counterfeit mark:

Any such merchandise bearing a counterfeit mark (within the meaning of section 1127 of Title 15) imported into the United States in violation of the provisions of section 1124 of Title 15, shall be seized and, in the absence of the written consent of the trademark owner, forfeited for violations of the customs laws.

19 U.S.C. § 1526(e). The Tariff Act authorizes the imposition of a civil penalty upon an importer whose goods are seized, in an amount not more than the value the merchandise would have had if it were genuine:

(1) Any person who directs, assists financially or otherwise, or aids and abets the importation of merchandise for sale or public distribution that is seized under subsection (e) of this

section shall be subject to a civil fine.

(2) For the first such seizure, the fine shall be not more than the value that the merchandise would have had if it were genuine, according to the manufacturer's suggested retail price, determined under regulations promulgated by the Secretary.

19 U.S.C. § 1526(f). None of these provisions require the owner of the registered mark to make or sell the same goods as those bearing the offending mark.

Subsection (e) of the Tariff Act incorporates two other statutes, 15 U.S.C. § 1127 and 15 U.S.C. § 1124. Both are part of the Trademark Act of 1946, known as the Lanham Act, and neither contains an identity of goods or services requirement. The Tariff Act incorporates the definition of the term "counterfeit" from the first statute: "A 'counterfeit' is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." 15 U.S.C. § 1127. Able Time argues that 15 U.S.C. § 1127 also defines other terms, such as "trademark" and "use in commerce," that do contain an identity of goods or services requirement. The Tariff Act incorporates only the definition of "counterfeit." Other definitions contained in 15 U.S.C. § 1127 are not at issue here.

The Tariff Act incorporates from the second statute the requirement that the offending merchandise "copy or simulate" a registered

trademark, which amounts to a requirement that the offending merchandise be likely to cause confusion. The second statute provides: "[N]o article of imported merchandise . . . which shall copy or simulate a trademark registered in accordance with the provisions of this chapter . . . shall be admitted to entry at any customhouse of the United States" 15 U.S.C. § 1124. Customs has defined a "copying or simulating" trademark as "one which may so resemble a recorded mark or name as to be likely to cause the public to associate the copying or simulating mark or name with the recorded mark or name." 19 C.F.R. § 133.22(a). This is equivalent to the traditional "likelihood of confusion" test for trademark infringement. See *Ross Cosmetics Distrib. Ctrs., Inc. v. United States* ("Ross I"), 17 C.I.T. 814, 817-18 (1993) (equating the "copy or simulate" requirement from 15 U.S.C. § 1124 with the likelihood of confusion standard); *Ross Cosmetics Distrib. Ctrs., Inc. v. United States* ("Ross II"), 18 C.I.T. 979, 984-85 (1994) (same); 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 29:37 (4th ed. 2007) [hereinafter McCarthy] ("[The] 'copy or simulate' . . . test is the same as that used to determine the infringement of a federally registered mark in ordinary litigation."); see also *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979) (listing factors relevant to likelihood of confusion analysis, including the strength of the mark, the proximity of the goods, and the similarity of the marks, among others), *abrogated on other grounds by New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308-09 (9th Cir. 1992). While public confusion may be more likely

where the owner of the registered mark manufactures the same goods as those bearing the offending mark, identity of goods or services is not a requirement, particularly where the other factors weigh in favor of finding confusion.

To run afoul of the civil penalty provision of the Tariff Act, then, the offending merchandise must bear a mark identical to or substantially indistinguishable from a registered trademark owned by a United States citizen or corporation, where the offending merchandise copies or simulates the registered trademark, meaning that it is likely to cause the public to associate the offending merchandise with the registered trademark under the *Sleekcraft* factors. See 19 U.S.C. § 1526(e)-(f); 15 U.S.C. §§ 1124, 1127; 19 C.F.R. § 133.22(a). Nowhere does this statutory scheme require the owner of the registered mark to make the same goods as those bearing the offending mark.

Able Time argues that the reference to "genuine" merchandise and its retail price in 19 U.S.C. § 1526(f)(2), quoted above at 8, shows that Congress intended a civil penalty to apply only where there is, in fact, a genuine article with which to compare the merchandise bearing a counterfeit mark, *i.e.*, where the owner of the registered mark manufactures the same goods as those bearing the offending mark. The reference to "genuine" goods does not establish such a requirement, however, because the provision in which it appears affects the calculation of the civil penalty, not the initial determination of whether a penalty should apply. This language at best implies that the drafters did not anticipate the specific

circumstances of the instant case, not that they intended the civil penalty to be limited to cases involving identity of goods or services. And on its face, the language of 19 U.S.C. § 1526(f)(2) does not require the genuine merchandise to be manufactured by the trademark owner. Here, the term "genuine" could refer to genuine name-brand watches generally.

Able Time makes the related argument that it is impossible to calculate the fine in the manner required by § 1526(f)(2), since there can be no retail price for genuine Tommy watches if genuine Tommy watches did not exist at the time. Able Time argues that this impossibility shows that Congress intended to require the owner of the registered mark to manufacture the same goods as those bearing the offending mark. We disagree. The Tariff Act specifies that the fine must be *no more than* the manufacturer's suggested retail price that the merchandise would have had if it were genuine. The legislative history of § 1526(f)(2) provides that the fine should be "meted out at the discretion of the U.S. Customs Service, within the boundaries set out by Congress in the bill." S. Rep. No. 104-177, at 6 (1995). In this case, Customs acted within its discretion when it used the "domestic value" of the merchandise as an approximation in accordance with a Customs directive applicable in similar circumstances.²

² Domestic value is the estimated price an importer will charge a wholesale purchaser. Because retailers must charge more than the wholesale price in order to make a profit, Customs reasonably assumed that the domestic

C. Congressional Intent

In order to overcome this plain language, Able Time must identify a "clearly expressed legislative intention to the contrary." *GTE Sylvania, Inc.*, 447 U.S. at 108. Able Time argues that the presence of an identity of goods or services requirement in related statutes and legislative history shows Congress's intent to require identity of goods or services in the Tariff Act. We disagree. The plain language of the Tariff Act is unambiguous, so related statutes are of limited help. The sequence of enactments of and amendments to the relevant statutes strongly supports the inference that the omission of an identity of goods or services requirement from the Tariff Act was intentional. And the legislative histories of the statutes at issue, and of related statutes, support the plain text interpretation.

value of the watches would be less than their retail price. In this case, Customs approximated the price Able Time paid the manufacturer, the expense of bringing the watches to the United States, and a markup for Able Time's estimated profit in selling the watches to a wholesaler. The domestic value determined by Customs in this case is \$11.78 per watch. If the district court on remand upholds the imposition of a civil penalty here, it may consider any challenge to this calculation and may set the amount of the civil penalty as it sees fit in accordance with 19 U.S.C. § 1526(f).

1. The Lanham Act

Able Time argues that numerous portions of the Lanham Act contain an identity of goods or services requirement, *see, e.g.*, 15 U.S.C. §§ 1051(a)(1), 1057(b), 1058(b), 1114(1)(a), 1115(a), and 1116(d)(1)(B)(i), and that we should read the Tariff Act consistently with the Lanham Act because they are related statutes. The principle that related statutes should be interpreted harmoniously applies only where the plain language of the statute at issue is ambiguous. *See Jonah R. v. Carmona*, 446 F.3d 1000, 1005, 1007 (9th Cir. 2006) (quoting *Jett v. Dallas Indep. Sch. Dist.*, 491 U.S. 701, 738-39 (1989) (“[W]here text permits, statutes dealing with similar subjects should be interpreted harmoniously.”) (emphasis added) (Scalia, J., concurring)). The statutory provisions cited by Able Time are not at issue here. The plain language of the statutes that are at issue is unambiguous and does not require Tommy Hilfiger to have manufactured watches at the time of the seizure for a civil penalty to be imposed. And the presence of an identity of goods and services requirement in related statutes does not constitute a clearly established legislative intention to include a similar requirement in the Tariff Act.

2. Sequence of Statutory Enactments

Congress has shown more than once that it is able to impose an identity of goods or services requirement when it wishes by saying so explicitly in the relevant statutory text. Congress enacted the definition of “counterfeit” in 15 U.S.C. § 1127, at issue here and

discussed above, in the Lanham Act in 1946. Congress created the seizure and forfeiture provision of the Tariff Act, 19 U.S.C. § 1526(e), also discussed above, in the Customs Procedural Reform and Simplification Act of 1978 (the "1978 Act"), Pub. L. No. 95-410, 92 Stat 888. Congress created criminal and civil provisions that contain an explicit identity of goods or services requirement in the Trademark Counterfeiting Act of 1984 (the "1984 Act"), ch. XV, §§ 1501-03, Pub. L. No. 98-473, H. R. J. Res. 648 (1984), 98 Stat. 2178.³ The 1984 Act also amended portions of the Lanham Act, but it did not alter the definition of "counterfeit" in 15 U.S.C. § 1127, nor did it add an identity of goods or services requirement to the seizure and forfeiture provision, 19 U.S.C. § 1526(e).

³ The criminal provision of the 1984 Act penalizes "[w]hoever intentionally traffics or attempts to traffic in *goods or services* and knowingly uses a counterfeit mark on or in connection with such goods or services." 98 Stat. 2178 (1984) (codified at 18 U.S.C. § 2320(a) (2008)) (emphasis added). The criminal provision originally defined "counterfeit mark" as "a spurious mark . . . used in connection with trafficking in goods or services . . . that is identical with, or substantially indistinguishable from, a mark registered *for those goods or services* . . ." 98 Stat. 2178, 2179 (1984) (codified at 18 U.S.C. § 2320(d)(1)(A) (2006)) (emphasis added). The civil provision created by the 1984 Act defines a "counterfeit mark" as a "counterfeit of a mark that is registered . . . *for such goods or services* sold, offered for sale, or distributed and that is in use." 98 Stat. 2178, 2180 (1984) (codified at 15 U.S.C. § 1116(d)(1)(B)(i) (2008)) (emphasis added).

Congress created the civil penalty provision of the Tariff Act discussed above, 19 U.S.C. § 1526(f), in 1996 as part of the Anticounterfeiting Consumer Protection Act ("ACPA"), Pub. L. No. 104-153, 110 Stat. 1386. In 2006, Congress amended the language in the criminal provision's definition of "counterfeit mark" to make the identity of goods or services requirement even clearer.⁴ Once again, it did not change the definition of "counterfeit" in 15 U.S.C. § 1127, nor did it add an identity of goods or services requirement to the provisions of Tariff Act at issue here, 19 U.S.C. § 1526(e) and (f).

That Congress included an explicit identity of goods or services requirement in both the civil and criminal provisions of the 1984 Act, amended the Lanham Act in 1984, amended the Tariff Act in 1996, and then clarified the requirement in the criminal provision of the 1984 Act in 2006, but never added such a requirement to the provisions of the Tariff Act and Lanham Act at issue here, supports the inference that the omission of such a requirement from those provisions was intentional. *See Beach v. Ocwen Fed.*

⁴ As amended by the Stop Counterfeiting in Manufactured Goods Act, the criminal provision of the 1984 Act now defines a "counterfeit mark" as "a spurious mark . . . used in connection with trafficking in any goods [or] services . . . that is identical with, or substantially indistinguishable from, a mark registered . . . and in use . . . that is applied to or used in connection with the goods or services for which the mark is registered." Pub. L. No. 109-181, 120 Stat. 285, 286-87 (2006) (codified at 18 U.S.C. § 2320(e)(1)(A) (2008)) (emphasis added).

Bank, 523 U.S. 410, 418 (1998) (“[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.”) (internal quotation and citations omitted). Congress may have wanted to apply a more restrictive definition in the context of criminal suits and civil actions by self-interested private plaintiffs than in penalty suits brought by the government. Whatever its reasons, Congress simply did not include an identity of goods or services requirement in the definition of “counterfeit” contained in 15 U.S.C. § 1127.

3. The Legislative Histories of 19 U.S.C. § 1526(e) and (f)

Congress enacted the civil penalty provision, 19 U.S.C. § 1526(f), in the ACPA in 1996. The legislative history of the ACPA demonstrates that Congress intended to protect consumers who unwittingly purchase “counterfeit products” because such products “are rarely of the same quality as the genuine article,” because consumers may blame the owner of the registered mark for their shoddy purchases, and because consumers may suffer harm when substandard products fail. H.R. Rep. No. 104-556, at 1-4 (1996), *reprinted in* 1996 U.S.C.C.A.N. 1074, 1074-77. Able Time argues that this legislative history shows that Congress was thinking in terms of counterfeit *goods*, not counterfeit trademarks separate and apart from the products on which they appear. Able Time argues that this requires reading

an identity of goods and services requirement into the Tariff Act.

The references to "counterfeit products" and the "genuine article" in the legislative history of § 1526(f) do not constitute the sort of "clearly expressed legislative intention" required to overcome plain statutory text. *GTE Sylvania*, 447 U.S. at 108. The recognition that some cases of counterfeiting will involve the same goods as those manufactured by the owner of the registered mark does not mean that all cases must involve the same goods, particularly in light of plain statutory language with no such requirement. See 4 McCarthy § 25:10 ("Often, counterfeit merchandise is made so as to imitate a well-known product . . .") (emphasis added). The references to counterfeit products rather than counterfeit marks appear in a general discussion of the statute, in a section entitled "Background and Need for the Legislation." H.R. Rep. No. 104-556, at 1, reprinted in 1996 U.S.C.C.A.N. at 1075. The passages containing these references do not specifically discuss the definition of the term "counterfeit," and they do not appear intended to define or restrict its meaning. Moreover, applying a civil penalty in the instant case will combat the very harm identified in the legislative history: it will protect consumers from being misled into purchasing generic watches that they mistakenly believe come from Tommy Hilfiger.

The legislative history of 19 U.S.C. § 1526(e) also does not undercut the plain text of the Tariff Act. Congress enacted § 1526(e), the seizure and forfeiture

provision, in the 1978 Act. The legislative history of the 1978 Act explains that the Senate amendment containing what eventually became § 1526(e) was intended "solely to strengthen the remedies available to prevent the importation of merchandise bearing [a counterfeit] mark." H.R. Rep. No. 95-1517, at 17 (1978) (Conf. Rep.), *reprinted in* 1978 U.S.C.C.A.N. 2249, 2259.⁵ If anything, this weighs in favor of construing § 1526(e) to more broadly prevent the importation of merchandise bearing a counterfeit mark. The legislative history also refers to counterfeit marks, which shows Congress was not thinking purely in terms of counterfeit products when it enacted the statute.

Accordingly, the legislative histories of § 1526(e) and (f) tend to support the plain text interpretation. Our review of the legislative histories of the other statutory provisions directly at issue reveals nothing to the contrary.

⁵ The legislative history of the § 1526(e) provides:

The House receded from its disagreement with the Senate amendment with amendments to clearly limit the Senate amendment to merchandise bearing a counterfeit mark as defined in section 45 of the Act of July 5, 1946 (the Lanham Act) [15 U.S.C. § 1127], as the amendment is intended solely to strengthen the remedies available to prevent the importation of merchandise bearing such a mark

H.R. Rep. No. 1517, at 17 (1978), *reprinted in* 1978 U.S.C.C.A.N. 2249, 2259.

4. The Legislative History of the 1984 Act

Able Time argues that the legislative history of the 1984 Act shows that Congress was attempting to combat counterfeit products that might cause consumers harm, not counterfeit marks in isolation. We decline to rely on the legislative history of the 1984 Act, however, because it relates only to statutory provisions that are not at issue. *Accord United States v. 10,510 Packaged Computer Towers*, 152 F. Supp. 2d 1189, 1199 (N.D. Cal. 2001) (“Aside from the fact that the cited language [in the legislative history of the 1984 Act] refers to an entirely different statute, its reference is to a criminal statute.”); *see also* 2 Anne Gilson LaLonde, *Gilson on Trademarks* § 5.19[2][a] at 5-218 & nn. 16-17 (2007) [hereinafter *Gilson*] (discussing the civil and criminal provisions of the 1984 Act, not the definition of counterfeit in 15 U.S.C. § 1127).

As discussed above, the 1984 Act established civil and criminal provisions with definitions of “counterfeit” that include an express identity of goods or services requirement. *See* 15 U.S.C. § 1116(d)(1)(B)(i); 18 U.S.C. § 2320(e)(1)(A)(iii). Neither of these provisions is at issue. The legislative history of the 1984 Act warns us that “[u]nless it does so explicitly, this act does not in any way modify the Lanham Act or judicial interpretation of it.” Joint Congressional Statement on 1984 Trademark Counterfeiting Legislation, 130 Cong. Rec. H12076, H12076 (Oct. 10, 1984) [hereinafter *Joint Statement*], *reprinted in* 7 McCarthy at App. A8-3. It also recognized that the “Lanham Act relates to ‘marks’ rather than ‘goods or

services” and stated that changing the Lanham Act definition of “counterfeit” to follow the definitions established by the 1984 Act was “beyond the scope” of the 1984 Act, because the 1984 Act was a “compromise” bill, not “an overall redrafting of the trademark law.” Joint Statement at H12076, *reprinted in 7 McCarthy at App. A8-3 to A8-4*.⁶ These statements weigh against relying on the legislative history of the 1984 Act in any context other than the civil and criminal provisions that it established, neither of which is at issue.

⁶ The Joint Statement provides:

This key criminal provision represents a compromise between the Senate and House bills. The Senate bill was drafted to prohibit “trafficking in counterfeit goods or services,” while the House bill barred “use of a counterfeit mark” in connection with goods or services. Both the House and Senate sponsors recognize that a mark can be “counterfeit” only if it is used in connection with certain types of goods or services. However, conduct regulated by the Lanham Act relates to “marks” rather than “goods or services”: the sponsors feared that it might create confusion to adopt the terminology of “counterfeit goods or services” in a piecemeal fashion. An overall redrafting of the trademark laws is an appropriate way to make such changes and is beyond the scope of this legislation.

Joint Statement at H12076, *reprinted in 7 McCarthy at App. A8-3 to A8-4*.

Two other aspects of the 1984 Act deserve mention. Its legislative history states that the definitions of "counterfeit" in the civil and criminal provisions are "identical in substance." Joint Statement at H12078, *reprinted in* 7 McCarthy at App. A8-9.⁷ This statement equates the civil provision with the criminal provision. It does not equate either of them with the definition at issue here, which is contained in 15 U.S.C. § 1127. It also states that the civil provision's definition "incorporates the section 1127 definition." *Id;* accord 2 Gilson § 5.19[3][a] at 5-220. It does not state the converse—that the Section 1127 definition incorporates the civil provision's definition. We reject

⁷ The Joint Statement continues:

The proposed act defines "counterfeit mark" in two places—in the criminal code amendment, proposed 18 U.S.C. 2320(d), and in the Lanham Act amendment, proposed 15 U.S.C. 1116(d)(1)(B). . . . For technical reasons, the two definitions of "counterfeit mark" differ slightly in their terms, but they are identical in substance. The Lanham Act already contains a definition of the term "counterfeit": a "spurious mark which is identical with, or substantially indistinguishable from, a registered mark." 15 U.S.C. 1127 [sic]. Because it is part of the Lanham Act, the definition of "counterfeit mark" contained in proposed subsection 1116(1)(B) incorporates the section 1127 definition.

Joint Statement at H12078, *reprinted in* 7 McCarthy at App. A8-9.

the contrary conclusions of other authorities. See *United States v. 1,234 Watches*, No. CV-00-11782, Doc. No 46, slip op. at 20-21 (C.D. Cal. Jan. 16, 2002) (unpublished) (concluding that watches bearing the mark "TOMMY" were not subject to forfeiture as counterfeit under 19 U.S.C. §1526(e) because Tommy Hilfiger did not manufacture watches or related goods at the time of seizure) (citing 4 McCarthy § 25:15; *Playboy Enters. v. Universal Tel-A-Talk Inc.*, 48 U.S.P.Q. 2d 1779, 1782 & n.8 (E.D. Pa. 1998)); *Ross II*, 18 C.I.T. at 986.

We decline to narrow the definition of counterfeit contained in 15 U.S.C. § 1127 beyond its plain meaning simply because much of the litigation and academic discussion regarding counterfeit goods arises in the context of the civil and criminal provisions of the 1984 Act, statutes that are not at issue here.

D. "Right in Gross"

The district court granted summary judgment to Able Time in large part because it believed that the government's interpretation ran afoul of the principle that a trademark is not a "right in gross." See 4 McCarthy § 24:11. This principle holds that a registered trademark can be used by someone other than its owner so long as the use does not confuse the public, because trademarks are tied to their use on products and do not exist in the abstract. See *id.* The statutory scheme at issue here sufficiently connects the marks and the goods on which they are used. The offending merchandise must "copy or simulate" a

registered mark, 15 U.S.C. § 1124, which means that the watches must be likely to cause confusion in order for a civil penalty to apply. See 19 C.F.R. § 133.22(a); *supra* Part II.B. This requirement prevents a step backwards towards a “right in gross” theory of trademark because it requires the owner to use the registered mark. If the owner did not use the mark, then the public would be unlikely to confuse it with the offending mark. Accordingly, even under the government’s theory of the case, a trademark is still a “right appurtenant to an established business or trade in connection with which the mark is employed,” not a “right in gross or at large.” *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918).

E. Chevron Deference

Because the statutes at issue are not ambiguous, we decide this case without giving deference to the government agency. See *Chevron*, 467 U.S. 837, 843 (1984). But even if the statutes were ambiguous, Customs would not be entitled to *Chevron* deference because its position is not the product of sufficiently careful, consistent, or formal procedures “tending to foster the fairness and deliberation that should underlie a pronouncement of [legal] force.” See *United States v. Mead Corp.*, 533 U.S. 218, 228, 230 (2001). Customs has not pointed to any regulation, ruling, directive, notice, or other agency determination that formally resolves—or even directly addresses—whether the statutes at issue require an identity of goods or services. The regulations upon which Customs relies track the

language of the applicable statutes. See 19 C.F.R. §§ 133.21, 133.27. If the statutes were ambiguous, the regulations would be just as ambiguous. Customs is merely advancing a litigation position. See *United States v. Trident Seafoods Corp.*, 60 F.3d 556, 559 (9th Cir. 1995) ("No deference is owed when an agency has not formulated an official interpretation of its regulation, but is merely advancing a litigation position."); accord *Rhodes-Bradford v. Keisler*, 507 F.3d 77, 80 (2d Cir. 2007). Accordingly, Customs's position is due no *Chevron* deference.

F. Remand

We remand for the district court to determine whether (1) the mark on the watches is identical to or substantially indistinguishable from the registered mark pursuant to 15 U.S.C. § 1127, and (2) whether the offending mark copies or simulates the registered mark pursuant to 15 U.S.C. § 1124, which amounts to the traditional likelihood of confusion test for infringement. See *supra* Part II.B.

Able Time repeatedly cites *Montres Rolex, S.A., v. Snyder*, 718 F.2d 524, 532 (2d Cir. 1983), for the proposition that Customs must compare the registered mark as it appears on actual merchandise with the allegedly counterfeit mark on the watches. *Montres Rolex* does not stand for this proposition. While comparing actual products is preferred, *Montres Rolex* explicitly provided that a comparison to the registration information alone could be sufficient. *Id.* ("We see no reason why a trademark owner would not eagerly cooperate with Customs [by

providing product samples with authentic marks], and even if the owner failed to do so after receiving notice of the seizure, Customs could still make its determination based on the mark as registered."). While *Montres Rolex* rejected a comparison to the registration information in that particular case, it did not establish a categorical rule. On remand, the factfinder may compare the offending mark to the mark on the registration certificate, or the district court may admit additional product samples bearing the registered mark into evidence.

III. Conclusion

We hold that Customs may impose a civil penalty pursuant to 19 U.S.C. § 1526(f) upon an importer of merchandise bearing a counterfeit mark, even though the owner of the registered mark does not manufacture the same type of merchandise.

REVERSED and REMANDED.

APPENDIX B

B-1

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FILED

Dec 22 2008

Molly C Dwyer, Clerk
U.S. Court of Appeals

UNITED STATES OF AMERICA,
Plaintiff - Appellant,
v.
ABLE TIME, INC., a California corporation,
Defendant - Appellee.

No. 06-56033
D.C. No. CV-04-02695-RMT
Central District of California, Los Angeles

ORDER

Before: TROTT, CLIFTON and CALLAHAN,
Circuit Judges

Judges Clifton and Callahan have voted to deny the petition for rehearing en banc, and Judge Trott so recommends.

The full court has been advised of the petition for rehearing en banc and no judge of the court has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for rehearing en banc, filed November 24, 2008, is DENIED.

APPENDIX C

C-1

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

FILED
CLERK, U.S. DISTRICT COURT
May 22, 2006
CENTRAL DISTRICT OF CALIFORNIA
BY /s/ (initials) DEPUTY

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Clsd	_____
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JS-2/JS-3	_____

DOCKETED ON CM
MAY 23 2006
BY /s/ SB 004

UNITED STATES OF AMERICA

Plaintiff,

v.

ABLE TIME, INC., a California corporation,
Defendant.

ABLE TIME, INC., a California corporation,
Counter-Claimant,

v.

UNITED STATES OF AMERICA
Counter-Defendant.

CASE NO. CV 04-2695 RMT (JWJx)

**FINDINGS OF FACT AND
CONCLUSIONS OF LAW**

In July 2004, Defendant sought summary judgment on the complaint in this matter on the basis that Plaintiff had no cause of action against it under 19 U.S.C. §1526 because the seized watches were not counterfeit. In December 2004, the court denied Defendant's motion. However, in reviewing the three subsequently filed motions for summary judgment in the case, the court found that its earlier ruling might be untenable and, therefore issued an order to show cause why the court should not reconsider its December 2004 order. The court, having considered the pleadings and other papers filed in this matter, makes these findings of facts and conclusions of law.

FINDINGS OF FACT

1. Plaintiff is the United States of America. Defendant is Able Time, Inc., a California corporation.
2. In April 1999, the U.S. Customs and Border Protection ("Customs") detained a shipment of watches imported by Defendant on the basis that the watches bore the mark "Tommy", a registered trademark of Tommy Hilfiger Licensing, Inc. ("Tommy Hilfiger"). In May 1999, the watches were seized pursuant to 19 U.S.C. §1526.
3. On September 3, 1996, Tommy Hilfiger registered the mark "Tommy" with the U.S. Patent and Trademark Office in International

Class 3: Cosmetics, cologne, cologne spray, soaps, deodorants. In November 1999, Tommy Hilfiger applied to register the mark "Tommy" in International Class 14 which includes watches. The application was granted and the mark was registered in International Class 14 in September 2002.

4. At the time of the seizure, Tommy Hilfiger did not make watches and the mark Tommy" was not registered in International Class 14.
5. In April 2004, Plaintiff filed this civil penalty action against Defendant for \$32,940.00 pursuant to 19 U.S.C. §§1526(a), (e), and (f) and 15 U.S.C. §§1124 and 1125(b).
6. All conclusions of law that are deemed to be facts are incorporated herein.

CONCLUSIONS OF LAW

1. This court has subject matter jurisdiction to 28 U.S.C. §§1331, 1345, 1355.
2. Summary judgment is appropriate where "there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law."¹
3. The Tariff Act of 1930, as codified in 19 U.S.C. §1526(a), prohibits the unauthorized

¹ Fed. R. Civ. P. 57(c).

importation of goods bearing a registered trademark:

[I]t shall be unlawful to import into the United States any merchandise of foreign manufacture if such merchandise, or the label, sign, print, package, wrapper, or receptacle, bears a trademark owned by a citizen of, or by a corporation or association created or organized within, the United States, and registered in the Patent and Trademark Office by a person domiciled in the United States ...unless written consent of the owner of such trademark is produced at the time of making entry.

4. This court's December 2004 ruling relied on the broad language set forth in §1526(a). However, it is now clear to this court that such authority does not address the issue at hand, namely whether a penalty can be imposed against Defendant pursuant to 19 U.S.C. §1526(f), a penalty which can only be triggered by a violation of §1526(e).
5. Section 1526(e) of Title 19 of the United States Code provides for the seizure and forfeiture of merchandise bearing a counterfeit mark:

Any such merchandise bearing a counterfeit mark (within the

meaning of section 1127 of Title 15) imported into the United States in violation of the provisions of section 1124 of Title 15,² shall be seized and, in the absence of the written consent of the trademark owner, forfeited for violations of the customs laws.

5. Where such a seizure occurs, section 1526(f) of the statute authorizes the issuance of civil penalties against those who import such merchandise.
6. As defined in section 1127 of Title 15: "A 'counterfeit' is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark." In assessing whether merchandise bears a counterfeit mark, the mark is not considered in isolation. Rather, the determination turns on the merchandise with which the mark is linked. A trademark is not a "right in gross."³
6. [sic] Counterfeit goods are separate and distinct

² Section 1124 of Title 15 reads in pertinent part: "no article of imported merchandise...which shall copy or simulate a trademark registered in accordance with the provisions of this Act...shall be admitted to entry at any customhouse of the United States...."

³ 4 J. Thomas McCarthy, *McCarty on Trademarks and Unfair Competition* §24.11 (4th ed. 1996)

from “merely infringing” goods.⁴ “Often, counterfeit merchandise is made so as to imitate a well-known product in all details of construction and appearance so as to deceive customers into thinking they are getting genuine merchandise.”⁵ They “not only infringe but in addition are such close copies that they amount to counterfeits.”⁶ In contrast, “merely infringing” or “related” goods “are not counterfeits but bear marks likely to cause public confusion.”⁷ “If a likelihood of confusion exists...use of the marks would constitute trademark infringement, but not [necessarily] a

⁴ *Ross Cosmetics Distribution Ctrs.*, 18 C.I.T. 979, 984-985 (Ct. Int'l Trade 1994). The government's assertion in its reply to the order to show cause that this case is inapposite because it “dealt solely with 15 U.S.C. §1124” is incorrect. The case involved, amongst other issues, the Court of International Trade's review of a pre-importation ruling by Customs that bath and fragrance oil products packaged similarly to products with valid trademark registrations would be subject to seizure and forfeiture under 19 U.S.C. §1526(c). Moreover, the Court of International Trade's discussion of 15 U.S.C. §1124 is hardly irrelevant in light of the fact that §1526(e) explicitly targets merchandise bearing a counterfeit mark “imported into the United States in violation of the provisions of section 1124 of Title 15.”

⁵ *McCarthy* at § 25.10.

⁶ *Motres Rolex v. Snyder*, 718 F.2d 524, 528 (2nd Cir. 1983).

⁷ *Id.*; *Ross Cosmetics Distribution Ctrs.*, 18 C.I.T. at 984.

counterfeit use of the marks.”⁸

7. Plaintiff does not dispute that the watches seized by Customs were not counterfeit. Instead, Plaintiff asserts that a penalty can be imposed under §1526(f) because the watches constitute related goods.⁹ Specifically, Plaintiff maintains that “[a] reasonable consumer would likely confuse the “Tommy” watches as having come from Tommy Hilfiger” because “Tommy Hilfiger’s name was also widely connected with fashion items and accessories.”¹⁰
8. As noted by the Court of International Trade in *Ross Cosmetics Distribution Centers v. United States*, there is an important distinction between counterfeit and merely infringing goods—only counterfeit goods must be seized and forfeited pursuant to 19 U.S.C. §1526(e).¹¹ Thus, because only counterfeit goods can be seized and forfeited pursuant to 19 U.S.C. §1526(e), only

⁸ *Ross Cosmetics Distribution Ctrs*, 18 C.I.T. at 986.

⁹ Plaintiff’s primary argument in opposition to reconsideration is that the status of the merchandise is irrelevant under §1526 because the question is whether the mark alone is counterfeit. As discussed above, this argument is unavailing because a trademark is not a “right in gross.”

¹⁰ Government’s Response to Order to Show Cause at 6:¶16-22.

¹¹ *Id.* At 985.

counterfeit goods will trigger the penalties authorized by §1526(f).

9. Because Tommy Hilfiger did not make watches at the time of the seizure, the watches Defendant sought to import did not "imitate a well-known product." As such, they cannot be characterized as counterfeit. Accordingly, they are not subject to seizure and forfeiture pursuant to 19 U.S.C. §1526(e) and a penalty under §1526(f) cannot be imposed.
10. Summary judgment on the complaint is warranted in this case because there are no genuine issues of fact remaining and Defendant has conclusively shown that it is entitled to judgment as a matter of law.
11. All statements of uncontroverted facts that are deemed to be conclusions of law are incorporated herein.

DATED: May 22, 2006

/s/ ROBERT M. TAKASUGI
ROBERT M. TAKASUGI
United States Senior
District Judge

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

FILED
CLERK, U.S. DISTRICT COURT
May 22, 2006
CENTRAL DISTRICT OF CALIFORNIA
BY /s/ (initials) DEPUTY

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DOCKETED ON CM
MAY 23 2006
BY /s/ SB 004

UNITED STATES OF AMERICA
Plaintiff,

v.

ABLE TIME, INC., a California corporation,
Defendant.

ABLE TIME, INC., a California corporation,
Counter-Claimant,

v.

UNITED STATES OF AMERICA
Counter-Defendant.

CASE NO. CV 04-2695 RMT (JWJx)

**ORDER (1) VACATING DECEMBER 16, 2004
ORDER DENYING DEFENDANT'S MOTION
FOR SUMMARY JUDGMENT AND (2) GRANT-
ING DEFENDANT'S JULY 2004 MOTION FOR
SUMMARY JUDGMENT**

This matter is before the court on the court's own motion to reconsider its December 16, 2004 order denying Defendant Able Time's July 2004 motion for summary judgment. The court, having considered the pleadings and other papers filed in this matter, and having issued findings of facts and conclusions of law concurrently herewith,

IT IS ORDERED that the Court's December 16, 2004 order denying Defendant Able Time's July 2004 Motion for Summary Judgment is VACATED.

IT IS FURTHER ORDERED that Defendant's July 2004 Motion for Summary Judgment on the complaint is GRANTED.

DATED: May 22, 2006

/s/ ROBERT M. TAKASUGI
ROBERT M. TAKASUGI
United States Senior
District Judge